

UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
WINSTON-SALEM DIVISION

IN RE:)	
)	
RENEGADE HOLDINGS, INC., ET AL.,)	CASE NO.: 09-50140
)	CHAPTER 11
Debtors)	Consolidated for Administration
_____)	

ORDER ALLOWING RELIEF FROM AUTOMATIC STAY

The Motion of Bank of the Carolinas for Relief from Automatic Stay (the "Motion") came on for hearing on May 24, 2011. No objection or response to the Motion was filed by any party. Based upon the arguments of counsel and the loan documents attached to the Motion, which were accepted without objection, the Court makes the following findings of fact and conclusions of law and upon such findings and conclusions enters this Order:

1. The Debtors filed their respective bankruptcy cases on January 28, 2009. On April 23, 2010, this Court entered an Order Confirming Amended Joint Plan of Reorganization, which was vacated by this Court's Order dated July 13, 2010 due to inadequate disclosure. The Debtors continue in possession of their respective assets and operate their businesses as debtors-in-possession. Peter L. Tourtellot was appointed Chapter 11 Trustee on August 18, 2010. No new Amended Disclosure Statement or Chapter 11 Plan has been filed.
2. Bank of the Carolinas is the largest secured creditor of the Debtors and a party in interest in these consolidated cases.

3. This Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334. The statutory predicate for the relief requested in the Motion is 11 U.S.C. § 362. This matter is a core proceeding.

4. For valuable consideration, CLC Properties, LLC executed a promissory note in favor of Bank of the Carolinas in the principal amount of One Million Eight Hundred Forty-Four Thousand Five Hundred and No/100 Dollars (\$1,844,500.00) (the "Note"). There is due and owing on the Note, exclusive of attorneys' fees and expenses, the sum of Nine Hundred Eighty-Nine Thousand Six Hundred Fifty-Seven and 26/100 Dollars (\$989,657.26) as of April 27, 2011. The Note matures September 26, 2011.

5. As security for the Note, the Debtors and others (including Calvin A. Phelps) granted Bank of the Carolinas Deeds of Trust securing that certain real property with any and all improvements thereon, and together with all appurtenant rights as described therein, the Commercial Building and Two Acres +/- located on Farmington Road, Mocksville, North Carolina (the "Collateral"). Calvin A. Phelps is the record owner of the Collateral. At no time have any of the Debtors held a record title ownership interest in the Collateral.

6. The Collateral is encumbered by several Deeds of Trust or modifications in favor of Bank of the Carolinas as listed in and attached to the Motion, and the balances owing on the particular debts they secure exceed \$4,000,000. The as-is market value of the Collateral as of April 4, 2011 is \$1,000,000. Therefore, there is no equity in the Collateral.

7. Improvements to the Collateral include a commercial building used by the Debtors for cigarette manufacturing and/or storage. The Debtors are currently leasing the Collateral from CLC Properties, LLC in accordance with a lease agreement. Bank of the Carolinas has exercised the assignment of rents contained in its Deeds of Trust and has requested the Debtors to pay any rent due for the Collateral directly to Bank of the Carolinas rather than paying that rent to Phelps. Monthly payments are being made directly from the Debtors to Bank of the Carolinas. Since the filing of the Motion, the Debtors have notified Bank of the Carolinas that it intends to cease making monthly lease payments.

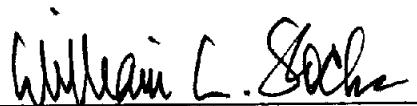
8. SunTrust Bank foreclosed on and now owns most, if not all, of the property surrounding the Collateral and used by the Debtors in their operations.

9. Bank of the Carolinas asserts that absent a foreclosure of the Collateral, both its interests and the interest of the Debtors as tenants of the Collateral cannot be resolved because Bank of the Carolinas is not in a position to control the Collateral or make any decisions regarding the best future use of the Collateral. Bank of the Carolinas contends that additional delay of its foreclosure of the Collateral causes it harm.

10. By virtue of these facts, the Court concludes that cause exists to lift the automatic stay in order for Bank of the Carolinas to serve the Debtors with notice of foreclosure and foreclose upon the Collateral.

11. Bank of the Carolinas may take all steps necessary under state law to complete its foreclosure and record a substitute trustee's deed. The Court is not granting relief from stay for Bank of the Carolinas or any other party to seek to take possession of the Collateral during or following the completion of the foreclosure. Neither Bank of the Carolinas nor any other party may disturb the Debtor's current possession of the Collateral without obtaining specific relief from this Court.

This 24th day of May, 2011.


WILLIAM L. STOCKS
United States Bankruptcy Judge

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